



APPROPRIATIONS UPDATE

HOUSE COMMITTEE ON THE BUDGET
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FISCAL YEAR 2002 EMERGENCY SUPPLEMENTAL (H.R. 4775)

SUMMARY

On 20 May 2002, the House Committee on Appropriations reported an emergency supplemental bill providing a net of \$29.4 billion in budget authority [BA] in the current year, fiscal year 2002. Except for amounts designated as “contingent emergencies” – which are to be spent only at the discretion of the President – the supplemental measure as reported does not exceed the levels requested by the President.

The bill designates \$29.4 billion in BA as “emergency” funding requirements. Of this amount, \$5.3 billion will be “contingent” emergency appropriations – available for obligation *only* if the President certifies, after enactment, that the funds are necessary to respond to an emergency situation. The President sought only \$2.7 billion in

contingent emergency appropriations. With few exceptions, spending proposed by the Appropriations Committee but not contained in the President’s original request is designated “contingent” emergency appropriations.

The Congressional Budget Office [CBO] estimates that outlays flowing from these appropriations will total \$7.6 billion in fiscal year 2002 and \$12.0 billion in fiscal year 2003. (See Table 1 below.)

Certain provisions would be affected by adoption of the rule governing debate on the bill. It is anticipated that those provisions will have no budgetary implications. (See discussion under Interim Fiscal Year 2003 Budget Resolution.)

Table 1: Emergency Supplemental Appropriations
(Congressional Budget Office estimates, by fiscal year in millions of dollars)

	President	House Reported	Difference
Budget Authority 2002	27,129	29,387	2,258
Outlays 2002	8,068	7,627	-441
Budget Authority 2003	0	843	843
Outlays 2003	9,921	12,032	2,111

COMPLIANCE WITH THE BUDGET ACT

If enacted, this bill will increase the current level of fiscal year 2002 discretionary BA from \$706.0 billion to \$735.4 billion. It will increase outlays from \$723.2 billion to \$730.8 billion. Staff anticipates that this bill, as originally ordered reported, will be within the 302(a) allocation for the House Committee on Appropriations. Increases in emergency appropriations cause automatic increases in the budget caps and allocations. Changes in nonemergency appropriations

are offset, so do not cause the bill to exceed the allocation. The bill will violate section 306 of the Budget Act, which prohibits consideration of legislation dealing with matters in the jurisdiction of the Budget Committee unless it has been reported by the Budget Committee. This bill includes legislation increasing the highway category outlay cap, which is the jurisdiction of the Budget Committee. (See discussion under Change in Statutory Caps.)

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This document was prepared by the majority staff of the House Committee on the Budget. It has not been approved by the full committee and therefore may not reflect the views of all the committee’s members.

HIGHLIGHTS

Contingent Appropriations

The President's request included \$2.7 billion in contingent funding for the Transportation Security Agency [TSA] (\$1.9 billion) and the Department of Labor's National Emergency Grants (\$750 million). The House Appropriations Committee proposes \$5.3 billion in contingent appropriations, including \$2.1 billion for defense, and \$3.2 billion for nondefense.

The nondefense portion consists primarily of the TSA (\$1.5 billion); Labor's National Emergency Grants (\$300 million); aid for Israel and the Palestinian people (\$250 million); aid to combat AIDS, tuberculosis, and malaria (\$200 million); the Federal Aviation Administration (\$200 million); international disaster assistance (\$190 million); the Corps of Engineers (\$128 million); and the Federal Bureau of Investigation's computer system (\$102 million).

Offset Appropriations

The bill includes \$2.0 billion in regular, nonemergency appropriations, up from \$1.5 billion in the President's request. These appropriations are offset by \$2.0 billion in proposed reductions. Both the President and the House reported bill fully offset nonemergency appropriations. Table 2 on the following page shows the estimated budget authority and outlay levels in the President's request and the House-reported bill.

Highlights of the bill are as follows:

Emergency-Designated Appropriations

- *Defense Funding* - Increases by \$2 billion, to a total of \$16.1 billion, of which \$1.4 billion was added on a contingent basis to the Defense Emergency Reserve Fund for mobilization and military operations.
- *New York City Funding* - Is maintained at the President's request (\$5.5 billion).
- *Transportation Security Agency* - Is reduced to \$3.9 billion from the requested level of \$4.4 billion, and authorized strength is capped at 45,000 permanent full-time equivalent positions.
- *National Emergency Grants* - Are reduced to \$300 million from the President's proposed \$750 million.

Regular Appropriations

- *Pell Grants* - Includes appropriations of \$1 billion.
- *Election Reform Grants* - Provides \$450 million.
- *Veterans' Medical Care* - Includes \$417 million, \$275 million more than requested.
- *WIC* - Adds \$75 million for the Special Supplemental Feeding Program for Women, Infants, and Children [WIC], as proposed by the President.
- *SEC* - Includes \$20 million for the Securities and Exchange Commission [SEC].

Savings from Mandatory Programs

- Elimination of the air carrier grant program provides \$250 million in BA and outlay savings.
- Obligation delays of \$450 million in the Export Enhancement program and \$393 million in the airline loan program provide BA and outlay savings in 2002, but cause an \$843-million BA and outlay increase in fiscal year 2003.
- The Office of Management and Budget [OMB] estimates larger savings from the airline loan program than does CBO. The Budget Committee currently does not know the precise value of the savings that OMB will attribute to the provision. Because the FY 2003 budget resolution is based on OMB's estimates, it is the intent of the Budget Committee to use OMB estimates for this provision when they become available.

Rescissions of Discretionary Appropriations

- Proposes rescissions of \$600 million in Department of Housing and Urban Development public and rental housing unobligated balances; \$60 million in the International Assistance Economic Support Fund; \$59 million in Defense procurement; and \$750,000 in the Office of Management and Budget.
- Accepts President's rescissions of \$159 million in International Assistance, \$30 million from a National

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Institutes of Health building project, and reduces Interior Department rescission by \$5 million.

Effect on Surplus

- In total, the rescissions reduce outlays by \$17 million in fiscal year 2002, and \$52 million in fiscal year 2003.

- The Budget Committee estimates that if the spending in this measure were continued for the period of 2002-2012, it would reduce budget surpluses by \$460 billion.

Table 2: Emergency Supplemental Appropriations Comparison of Budget Authority
(Congressional Budget Office estimates, by fiscal year in millions of dollars)

	President			House-Reported		
	2002 BA	2002 OL	2003 OL	2002 BA	2002 OL	2003 OL
Emergency- Designated Appropriations						
Defense	14,048	5,345	5,782	13,998	5,302	5,659
Nondefense	10,400	1,779	2,681	10,093	1,641	2,584
Subtotal - Emergency Appropriations	24,448	7,124	8,463	24,091	6,943	8,243
Contingent Emergency Appropriations						
Defense	0	0	0	2,081	330	1,105
Nondefense	2,695	778	1,423	3,260	1,193	1,369
Subtotal - Contingent Appropriations	2,695	778	1,423	5,341	1,523	2,474
Regular Appropriations	1,513	168	1,344	2,004	271	524
Offsets/Rescissions	-1,527	-2	-1,309	-2,049	-1,110	791
Total	27,129	8,068	9,921	29,387	7,627	12,032

CHANGE IN STATUTORY CAPS

Under the Transportation Efficiency Act for the 21st Century [TEA-21], spending from the Highway Trust Fund is tied to revenue flowing into the trust fund. This supplemental appropriations bill eliminates the 2003 adjustment in the TEA-21 revenue aligned budget authority [RABA] formula. This results in a \$4.4-billion increase in the obligation limitation for the Federal Aid-Highways Program, and a

\$1.2-billion increase in the 2003 cap for the highway category. The 2003 budget resolution passed by the House accommodates the additional outlays resulting from this bill. The Chairmen of the Transportation Committee and the Budget Committee also exchanged letters to clarify that the Budget Committee retains jurisdiction over the Deficit Control Act, which is affected by this provision.

INTERIM FISCAL YEAR 2003 BUDGET RESOLUTION

The rule provides that H.Con.Res. 353 – the budget resolution passed by the House on 20 March 2002 – will function as though it were the conference agreement on the fiscal year 2003 budget resolution. This would ensure that the allocations and spending levels adopted in the House will be used for enforcement in the House. This interim provision would expire when the House and Senate agree on

a budget resolution conference report for fiscal year 2003. The rule would also amend the reported bill to address the debt limit, provide for Medicare reimbursement adjustments, clarify fabric origin requirements for certain trade agreements, and ensure the use of the bypass mail system in Alaska. These amendments are expected to have no budgetary implications.

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